

Message Text

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SUBJECT: POLICY ON STAFF EMOLUMENTS

1. UNDER DATE OF JANUARY 28, 1974, NATO SYG HAS CIRCULATED
PO/UR/I WHICH IS QUOTED BELOW:

BEGIN TEXT

POLICY ON STAFF EMOLUMENTS

A PROBLEM EXISTS IN REGARD TO STAFF EMOLUMENTS WHICH
IS CAUSING ME CONCERN BECAUSE OF ITS WIDER IMPLICATIONS AND
WHICH I SHOULD VALUE THE OPPORTUNITY TO DISCUSS WITH YOU IN A
PRIVATE MEETING.

2. IN THEIR PROPOSALS FOR THE 1971 GENERAL REVIEW OF
REMUNERATION OF STAFF OF THE CO-ORDINATED ORGANIZATIONS, THE
SECRETARIES GENERAL ASKED FOR A REDUCTION IN THE INTERVAL BETWEEN
GENERAL REVIEWS FROM FOUR YEARS TO TWO AND THE RIGHT TO REQUEST
AN ADVANCE STANDARD OF LIVING ADJUSTMENT IN THE INTERVENING
YEARS (1). THEIR OBJECTIVE WAS TO ACHIEVE GREATER SIMILARITY WITH
THE REVIEW SYSTEM IN THE EEC. TO MEET TO SOME EXTENT THE

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REQUIREMENTS OF THE SECRETARIES GENERAL ON THIS POINT, THE

(1) CSG(71)2

CO-ORDINATING COMMITTEE RECOMMENDED AS AD HOC MEASURES THAT THE NEXT GENERAL REVIEW SHOULD TAKE EFFECT FROM 1ST JULY, 1974 AND COVER THE PERIOD FROM 1ST OCTOBER, 1971 TO 30TH JUNE, 1974, AND THAT AT THE TIME OF THE 1973 ANNUAL REVIEW THE SECRETARIES GENERAL MIGHT SUBMIT PROPOSALS TO ADJUST SALARIES TO PART OF THE MOVE IN STANDARD OF LIVING SINCE 1ST OCTOBER, 1971(2).

3. ACCORDINGLY IN OCTOBER LAST YEAR THE SECRETARIES GENERAL PUT FORWARD RATHER MODEST PROPOSALS FOR A STANDARD OF LIVING ADJUSTMENT ON THE BASIS OF THE PRESCRIBED CRITERIA(3). THESE PROPOSALS, WHICH ARE GRADUATED TO GIVE THE LARGEST INCREASES TO THE LOWEST PAID STAFF, REPRESENT A BUDGETARY CHARGE OF APPROXIMATELY 2.8 PCT COMPARED WITH THE 1ST JULY, 1972 SCALES(4). HAVING EXAMINED THE PROPOSALS, THE CO-ORDINATING COMMITTEE CONSIDERED THAT IT COULD NOT REACH ANY CONCLUSIONS UNTIL IT WAS *KNOWN WHAT ACTION WAS BEING TAKEN IN THE EEC IN REGARD TO INCREASES IN STANDARD OF LIVING.

(2) CCG(72)3, PARAGRAPH 33 (PO/73/41)

(3) CCG/W(73)25; CCG/W(73)33

(4) THIS PERCENTAGE IS 3 PCT OF THE 1ST JANUARY, 1972 BASIC SCALES ESTABLISHED BY THE LAST GENERAL REVIEW OR 2.6 PCT OF THE CURRENT 1ST JULY, 1973 SCALES.

4. ON 4TH JANUARY 1974, THE SECRETARIES GENERAL INFORMED THE CO-ORDINATING COMMITTEE THAT THE COUNCIL OF MINISTERS OF THE EUROPEAN COMMUNITIES HAD APPROVED GRADUATED SALARY INCREASES AVERAGING 3.3 PCT ON THE SCALES OF 1ST JULY, 1972 IN RECOGNITION OF THE EVOLUTION IN THE STANDARD OF LIVING IN MEMBER COUNTRIES (1). THIS BRINGS THE TOTAL STANDARD OF LIVING INCREASES GRANTED IN THE COMMUNITIES SINCE 1ST JANUARY, 1972 TO BETWEEN 15.2 PCT AT THE LOWEST GRADE AND 5.6 PCT AT THE HIGHEST.

5. I AM NOW INFORMED THAT, NOTWITHSTANDING THIS INFORMATION, THE CO-ORDINATING COMMITTEE DECIDED AT ITS MEETING
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OF 8TH JANUARY, 1974 TO MAKE NO RECOMMENDATIONS TO COUNCILS REGARDING THE PROPOSALS OF THE SECRETARIES GENERAL.

6. I BRING THIS SITUATION TO YOUR ATTENTION NOT SO MUCH BECAUSE OF THE FAILURE OF THE CO-ORDINATING COMMITTEE TO RECOMMEND SALARY INCREASES WHICH HAVE BEEN FULLY JUSTIFIED ACCORDING TO ALL THE REQUIRED CRITERIA BUT RATHER BECAUSE OF THE REPERCUSSIONS THIS ACTION IS LIKELY TO HAVE ON STAFF RELATIONS. QUITE SIMPLY, THE PROBLEM IS THAT OF THE DOUBLE STANDARD - BETTER TREATMENT FOR THE COMMUNITIES THAN FOR THE CO-ORDINATED ORGANIZATIONS.

7. THIS IS NOT A NEW PROBLEM, BUT IT IS ONE WHICH IS CAUSING ME INCREASING CONCERN. NATO STAFFS ARE WELL AWARE OF THE NEED TO FIGHT INFLATION, AND THE POSTPONEMENT OF A STANDARD OF LIVING INCREASE UNTIL THIS YEAR'S GENERAL REVIEW WOULD, I BELIEVE, HAVE BEEN ACCEPTED READILY IF THE COMMUNITIES HAD ALSO BEEN ASKED TO WAIT. WHAT CANNOT BE ACCEPTED READILY IS RELEGATION TO SECOND-CLASS STATUS. SINCE NATO CAME TO BRUSSELS, WE HAVE BEEN REPEATEDLY TOLD THAT GOVERNMENTS INTEND TO TAKE AN EQUALLY FIRM LINE ON EEC SALARIES AS THEY DO ON THOSE OF THE CO-ORDINATED ORGANIZATIONS, BUT IN THE EVENT THIS HAS NEVER PROVED TO BE THE CASE. THE RESULT FOR A GRADE SALARIES IN NATO IS THAT THEY ARE NOW BETWEEN 7 PCT AND 15 PCT LOWER THAN CORRESPONDING SALARIES IN THE EEC.

8. THE CASE FOR COMPARABILITY WAS WELL PUT AS LONG AGO AS 1962, WHEN THE CO-ORDINATING COMMITTEE, REFERRING TO A GRADE SALARIES, SAID IN ITS 19TH REPORT THAT "COUNTRIES WHICH BELONG BOTH TO THE (CO-ORDINATED) ORGANIZATIONS AND TO THE EEC WOULD WISH THE STAFF IN BOTH GROUPS TO BENEFIT FROM SYSTEMS OF REMUNERATION WHICH ARE AS CLOSE TO EACH OTHER AS POSSIBLE, SO AS TO AVOID ANY RECIPROCAL OVER-BIDDING. SINCE THE QUALIFICATIONS

REQUIRED OF THE STAFF ARE SUBSTANTIALLY THE SAME IN BOTH CASES ANY APPRECIABLE DISPARITY IN THE GENERAL LEVEL OF REMUNERATION COULD NOT FAIL TO PROVOKE COMPETITION AND DISSATISFACTION WHICH WOULD PREJUDICE THE SMOOTH RUNNING OF THE ORGANIZATIONS."(2)

(1) CCG/W(74)1

(2) CCG(62)3

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9. AS FOR THE B AND C GRADES, WHOSE SALARIES ARE COMPARED TO BEST LOCAL RATES INSTEAD OF SOLELY WITH THE COMMUNITIES, THEY ARE PARTICULARLY HARD HIT BY THE REFUSAL OF AN INCREASE TO THE CO-ORDINATED ORGANIZATIONS SINCE THE PROPOSAL OF THE SECRETARIES GENERAL WOULD HAVE GIVEN JUNIOR GRADES PROPORTIONATELY MUCH LARGER INCREASES THAN SENIOR GRADES.

10. THE FEELING OF INJUSTICE OVER THE PRESENT DOUBLE STANDARD IS GIVING SUPPORT TO THE BELIEF AMONG SOME ELEMENTS OF THE STAFFS IN NATO AND IN THE OTHER ORGANIZATIONS THAT THE MORE FAVOURABLE REACTION OF THE SAME GOVERNMENTS IN THE EEC RESULTS FROM NEGOTIATION BY UNIONS WHICH DO NOT HESITATE TO USE STRIKES AND OTHER FORMS OF INDUSTRIAL PRESSURES TO MAKE SURE THAT THEIR DEMANDS ARE MET. FROM THIS, IT IS ONLY A SHORT STEP TO SIMILAR ACTION BY THE STAFFS OF THE CO-ORDINATED ORGANIZATIONS.

11. I BELIEVE THAT THE TIME HAS COME WHEN WE MUST RECOGNIZE THAT THIS PROBLEM IS NOT SIMPLY A FINANCIAL ONE BUT

ALSO ONE OF EQUITY AND THAT IT MAY HAVE FAR-REACHING POLITICAL
IMPLICATIONS FOR OUR ORGANIZATIONS. IT IS FOR THIS REASON THAT
I PROPOSE THAT THE COUNCIL SHOULD EXAMINE IT IN PRIVATE SESSION
IN THE VERY NEAR FUTURE.

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